

Separating Buyers from Sellers To Find Volatility Using Market Swings

... “A third Way to measure potential volatility expansions comes from looking at price swings over the past several days. Mike Chalek deserves credit for this concept with a system he designed and labeled, “Talon”. The basic idea is to look at the various swings price has taken from one point to the next over the past few years. There are many such points to study.

The ones I have chosen for this glimpse into market activity, measure the amount of price movement from the high 3 days ago to today’s low. That is step 1. Step 2 is to take the swing distance from the high 1 day ago minus the low 3 days ago. Finally, we will use the largest of these values as our basic volatility measurement to begin the process of designing a filter or price cushion to add to tomorrow’s opening for buying or subtract for selling.”